

Wisconsin State Legislature

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Joint Committee on Finance *100TH ANNIVERSARY 1911 - 2011*

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative Robin Vos

Date: September 16, 2011

Re: DCF Report to JFC

Attached is a report on the Wisconsin Shares Program from the Department of Children and Families.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:RV:jm



wisconsin department of
children + families

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Governor Scott Walker
Secretary Eloise Anderson

Secretary's Office

September 15, 2011

Honorable Alberta Darling, Senate Co-Chair
Joint Committee on Finance
Room 317 East, State Capitol
Madison, WI 53702

RECEIVED
SEP 16 2011
BY: J. FINANCE

Honorable Robin Vos, Assembly Co-Chair
Joint Committee on Finance
Room 309 East, State Capitol
Madison, WI 53702

Dear Senator Darling and Representative Vos:

This letter provides the Department of Children and Families' September 2011 report on the Wisconsin Shares Program. The information below is a compilation of data requested by the Committee related to DCF's fraud prevention, investigation and overpayment collection activity.

Wisconsin Shares Fraud Prevention, Detection and Recovery Expenditures, August 2011

Expenditures related to fraud prevention and investigation: \$170,900

The above amount represents the August 2011 costs of the Child Care Fraud Detection and Investigation Unit, information technology programming costs, and an estimate of county expenditures from their DCF allocations for investigating suspected fraudulent activity.

Expenditures related to recovering overpayments due to error or fraud: \$41,900

The August 2011 expenditures related to recovering overpayments due to error or fraud are estimated above. The Public Assistance Collections Unit (PACU) of DCF coordinates the Department's efforts to collect public assistance overpayments, including Wisconsin Shares, which are attributed to participant error or fraud.

Overpayment and/or restitution collected by DCF: \$217,571

In August 2011, DCF collected \$61,830 in child care overpayments that were the responsibility of the individual for whom the child care subsidy was paid plus \$155,741 in child care overpayments that were the responsibility of child care providers. These collections are the result of ongoing efforts to recover historical overpayments. Most collections to date are owed to DCF as a result of an administrative finding that an overpayment has occurred.

T 608.266.8684 F 608.261.6972 dcf.wi.gov

Overpayment and/or restitution collected by other agencies: \$0

No overpayments and/or restitution collections have been reported by other agencies in August 2011 to DCF.

Providers Suspended from the Wisconsin Shares Program, August 2011

During the month of August, DCF suspended payments to five child care providers. All five were from Milwaukee County. The Department continues to review the details of Milwaukee County suspensions with the Child Care Anti-Fraud Task Force.

Also, during August a total of \$69,044 in overpayments were established in the Department's tracking system against all providers suspended from the Wisconsin Shares program. Through August the cumulative total for overpayments established against suspended providers since January of 2009 stands at \$8,196,837.

Automatic Authorization of Child Care Hours System

Number of changes made to authorized hours during the month: 1,212 changed authorizations

This figure reports the total number of active authorizations in August that were reduced by the automated system.

Total reduction made to the authorized hours during the month: 15,616 hours

This figure reports the total number of hours taken off of active authorizations in August that were reduced by the automated system.

Estimated savings in the month due to the automated authorization adjustment system: \$109,200

This is an estimate of the maximum potential savings for those active authorizations in August that were reduced by the automated system.

Were child care quality improvements identified via use of the new system? To date, no.

The system was launched on May 15, 2010 and was designed primarily to improve consistency in the authorization process rather than to identify opportunities for making quality improvements.

Estimated annualized ongoing costs to operate the automated system: \$50,000

The primary ongoing cost is for mailing notices to parents and providers. Ongoing staff time to run the automated check is estimated at 30 minutes per month.

Thank you for the opportunity to share information on the status of the Shares program.

Sincerely,

A handwritten signature in cursive script, appearing to read "Eloise Anderson", written in dark ink.

Eloise Anderson
Secretary

cc: Mike Huebsch, Department of Administration
Bob Lang, Legislative Fiscal Bureau

Wisconsin Shares Provider Suspensions
August 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
Endlessteps Child Care	Milwaukee	08/05/2011	<p>The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to maintain and submit accurate attendance records as required by the Shares program and 2) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.</p> <p>The Department has evidence that the provider:</p> <ul style="list-style-type: none"> ▪ Billed for children as attending despite the facility being closed that day. ▪ Billed for more hours than children actually attended. ▪ Billed for children no longer attending the child care center, even after the parents stopped bringing their children to the child care center (children were residing in Texas). 	Yes	\$11,789.77	Yes	No

Wisconsin Shares Provider Suspensions
August 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
One Child At A Time Family Cc Ctr	Milwaukee	08/05/2011	<p>The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to maintain and submit accurate attendance records as required by the Shares program and 2) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.</p> <p>The Department has evidence that the provider:</p> <ul style="list-style-type: none"> ▪ Billed for children who did not appear on the attendance records or were marked as absent on the attendance records for entire weeks. ▪ Billed for children who were not in attendance. ▪ Billed for more hours than children actually attended. ▪ Stated to investigators that she was aware that her daily attendance records and billing records did not match. 	Yes	\$6,107.16	Yes	No

Wisconsin Shares Provider Suspensions
August 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
Gray's Precious Dream Day Care	Milwaukee	08/19/2011	<p>The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to have attendance records available at the child care site when the department requested to review them; 2) the provider's failure to maintain and submit accurate attendance records as required by the Shares program; and 3) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.</p> <p>During an onsite visit on 4/21/2011, the provider was unable to provide investigators with requested attendance records from 8/1/2010 through 2/2011. The Department made a subsequent request on 4/25/2011 via certified mail for the provider to submit the records by 4/28/2011. The provider did not submit the attendance records to the Department until 5/5/2011, however eight (8) weeks were missing from 8/1/2010 through 2/7/2011.</p>	Yes	\$12,634.94	Yes	No

**Wisconsin Shares Provider Suspensions
August 2011**

			<p>The Department has evidence that the provider</p> <ul style="list-style-type: none">▪ Billed for children who did not appear on the attendance records.▪ Billed for more hours than children actually attended.				
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Wisconsin Shares Provider Suspensions
August 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
Immanuel's Family Daycare	Milwaukee	08/19/2011	<p>The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to maintain and submit accurate attendance records as required by the Shares program and 2) the provider's failure to comply with the statutes.</p> <p>The Department has evidence that the provider</p> <ul style="list-style-type: none"> ▪ Billed for children who were not in attendance. ▪ Billed for children who did not appear on the attendance records. ▪ Billed for more hours than children actually attended. 	Yes	\$9,676.84	Yes	No

Wisconsin Shares Provider Suspensions
August 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
Jovon S Wilson	Milwaukee	08/19/2011	The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to provide access to the child care facility during stated hours of operation; 2) the provider's failure to maintain and submit accurate attendance records as required by the Shares program; and 3) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.	Yes	\$9,747.65	Yes	No
			The Department has been unable to verify the actual care of children at the provider's facility. The Department attempted to visit the provider's facility on 6/29/2011, 7/8/2011, and 7/22/2011 and was unsuccessful in gaining access to the facility. The unsuccessful attempt(s) to verify the presence of children attending the provider's facility raises a strong and reasonable suspicion that the provider was billing the Wisconsin Shares program for children who did not actually attend the provider's child care facility.				

**Wisconsin Shares Provider Suspensions
August 2011**

		<p>The Department reviewed the provider's billing records and confirmed the provider billed for children as being in attendance on 6/29/2011, 7/8/2011, and 7/22/11 even though the Department was unable to observe any children in attendance.</p> <p>The Department has evidence that the provider</p> <ul style="list-style-type: none">▪ Billed for children who were not in attendance.▪ Billed for more hours than children actually attended. <p>A prior audit of the provider's attendance records compared with the provider's billing records found that there were significant hours improperly billed to Wisconsin Shares from the period 2/4/2007 through 12/27/2008, where the provider was overpaid \$64,663.95.</p>			
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Wisconsin Shares Provider Suspensions
August 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
Safe Like Home Child Care	Milwaukee	08/19/2011	<p>The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to maintain and submit accurate attendance records as required by the Shares program and 2) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.</p> <p>The Department has evidence that the provider</p> <ul style="list-style-type: none"> ▪ Billed for children who had missing sign-in or sign-out times on the attendance records. ▪ Billed for children when the center was closed. ▪ Billed for children who were not in attendance. ▪ Billed for more hours than children actually attended. 	Yes	\$6,401.34	Yes	No